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FM AMCONSUL JERUSALEM
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INFO RUEHXK/ARAB ISRAELI COLLECTIVE PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L JERUSALEM 003682

SIPDIS

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NEA FOR FRONT OFFICE; NEA/IPA FOR WILLIAMS/MAHER/WAECHTER;
OPS PLEASE PASS TO NSC FOR ABRAMS/DORAN/WATERS; TREASURY
FOR SZUBIN/LOEFFLER/NUGENT/ADKINS;

E.O. 12958: DECL: 08/18/2016

TAGS: [EFIN](#) [FAID](#) [KWBG](#) [IS](#)

SUBJECT: ABU MAZEN PAYING FLAT-RATE ALLOWANCES

REF: JERUSALEM 3563

Classified By: Acting Principal Officer Thomas M. Duffy, Reasons 1.4 (b)
) and (d).

¶1. (C) Summary: The Office of the PA President will disburse through commercial banks, starting August 19, a flat-rate allowance of NIS 1500 to PA employees, PA pensioners, some social hardship cases, and those on the unemployment rolls. The PA Presidency plans to issue a press statement August 18 linking the flat-rate allowances to the back-to-school period. Nevertheless, the PA government is trying also to claim credit for the allowances. End summary.

¶2. (C) Presidential Economic Advisor Mohammed Mustafa told EconChief August 17 that the Office of the PA President would start disbursing, through commercial banks on August 19, a flat-rate allowance of NIS 1500 (USD 344) to PA employees, PA pensioners, some social hardship cases, and those on the unemployment rolls. He clarified August 18 that roughly 150,000 individuals would receive the allowance but could not offer the exact breakdown between PA employees and non-PA employees. He said that this disbursement of allowances would fully exhaust the transfers the Office of the President has received from the Arab League and other Arab states.

¶3. (C) Mustafa said that, like the July 23 disbursement, PA Ministers and PLC members would not be paid. He also said that those health sector workers paid by the European Union through the Temporary International Mechanism (see reftel) would also not be paid. In response to reports in the Palestinian dailies August 18 that prisoners and martyrs families would be paid August 19, Mustafa said that the President's office would not be paying these groups but that the PA Finance Ministry may be using their own funds to pay these groups.

Presidency has not yet
announced flat-rate allowance

¶4. (C) While the President's Office was still crafting a public announcement for release late on August 18, Mustafa said that the focus was on linking these flat-rate allowances to the back-to-school period and to not reference salary payments at all. He acknowledged that the PA government had already made statements to the press that tried to take credit for the disbursement. For example, Acting Finance and Planning Minister Samir Abu Aisheh, in a comment printed in al-Hayat al-Jadida August 18, commented that PA employees, both civilian and security personnel, could go to their banks to receive their allowances.

At least one bank already
paying out the allowance

¶5. (C) At least one commercial bank has already started making disbursements. USAID Gaza-based staff reported August 18 that Bank of Palestine branches in Gaza began disbursing at 17:00 local on August 17. (Comment: Routinely, the Bank of Palestine strives to be the first bank to disburse payments to PA employees. End comment.) There were reportedly long lines of customers at Bank of Palestine ATMs since that bank runs its generators at night to operate its ATMs, unlike many of the other major banks. Reportedly, Arab Bank will not disburse the allowances until August 19.

Comment

¶6. (C) Over the last ten days, we have pressed PLO Chief Negotiator Sa'eb Erekat, Presidency Chief of Staff Rafiq Husseini, and Presidency Economic Advisor Mohammed Mustafa that any disbursement of partial salaries by President Abbas (Abu Mazen) could have serious political consequences vis-a-vis the USG for Abu Mazen if he was seen as being the PA's Finance Minister. The fact that the Office of the President moved away from payments based on a percentage of monthly salary for PA employees (which was the method used for the July 23 disbursement) to a flat-rate allowance tied to a specific need (i.e., back-to-school) is likely the most that they are technically capable of doing, given the short time frame and enormous pressure that comes from having financial resources when the PA government does not have access to those same resources. Erekat, Husseini, and Mustafa have each stated that they are recommending that Abu Mazen refuse any future donations. We have urged them to funnel any such donations to international organizations and NGOs or through the Temporary International Mechanism. End comment.

DUFFY